

# Cost Allocation for Artificial Island Upgrades

Exelon

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Michael J. Kormos



## Background

April 13, 2017 PJM files revised cost allocation for Artificial Island upgrades in Docket No. ER17-1420

June 9, 2017 (revised June 29) PJM posts White Paper putting forth two alternative cost allocations

August 25, 2017 Exelon files Comments in ER17-1420

- Argued that the existing Solution-Based DFAX methodology is not just and reasonable as applied to this case because it does not allocate the costs to customers roughly commensurate with the benefits they expect to receive;
- Proposed a hybrid method of a combination of a stability benefit metric and SBDFAX as a just and reasonable cost allocation; and
  - Contended that the Stability Deviation Method is the appropriate stability benefit metric for use in the hybrid

## Background

- Supported by an Affidavit describing that SBDFAX assumes that the use of the new facilities is the direct benefit
- Technical arguments
  - SBDAX assumes all lines in service
  - Stability solutions inherently are not related to flows on new facilities but are related to a number of factors; a major factor being that lines are out of service prior to and as a result of the short circuit
  - There remain economic and reliability benefits from the new facilities
- Need a paper hearing to get more details on the PJM's proposed stability metrics and to determine the weighting of the SBDFAX and Stability Metric for a hybrid methodology

## July 19, 2018 FERC Order

- Found existing SBDFAX unjust and unreasonable for upgrades that address stability-related reliability issues
- Reopened record to obtain additional information to establish a just and reasonable rate
- Requested information on four issues related to Exelon's proposed hybrid methodology
  - Describe the hybrid methodology, including how it would apply both to regional and lower voltage facilities
  - Describe how to determining weighting percentages between the SBDFAX allocation and the stability metric allocation
  - Describe how PJM could update cost responsibility assignments on an annual basis
  - Provide *pro forma* tariff language
- Responses due September 17, 2018